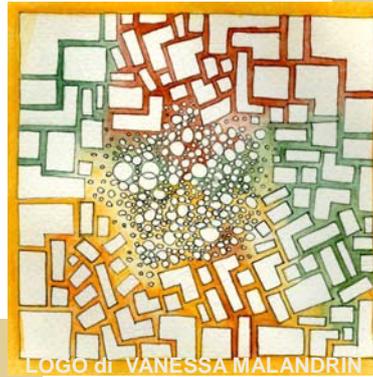


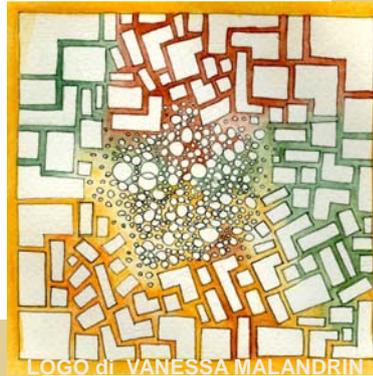
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Alternative trade or market fragmentation? Food circuits and social movements

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Along with the process of concentration taking place in the agro-food sector at global level (Heffernan, 1999) some significant countertendencies have been emerged. As consumption is increasingly fragmented, technical and economical paradigms have evolved to create more room for organizational patterns based on small operators, whose competitive advantage relies upon the ability to create local agglomerations (Porter 1990) or complex networks glued together by strong entrepreneurial ideas. Some of them have contributed to the birth of a “new age” management style (Nichols 1994), as in the case of Ben & Jerry’s or of the Body shop.

The analysis of these processes put into question what is “conventional” and what is “alternative”. Contrary to an earlier phase, where the conventional was clearly identifiable with the fordist national (or multinational) firm and its endogenous culture (mass production, growth as progress, big is beautiful), today business is much more open to exogenous influences and flexible in the definition of a winning entrepreneurial model.

There is, therefore, the need to make a reflection on the meaning and of the importance of what is commonly identified with alternative business in the agro-food sector. Should it be considered as just one of the many expressions of the new age economy? Or there are reasons to consider it a distinct phenomenon, for its capacity to change the dominant logic of the market?

Alternative business in the food sector is to a great extent identified with three products: organic, fair trade, local distinctive products¹. They can be considered as the latest generation of a long series of attempts to link social movements with business, such as the workers’ co-operatives on the beginning of capitalism, or farmers’ co-operatives for storage, transport and processing operations in the beginning of the century, agricultural communes of the ’70. The common feature of these initiatives is the role given to involvement in business as a part of a more general strategy aimed at change society: all of them try to change the existing power relationships and to introduce social, ethic and environmental values into business. Workers’ co-operatives were an attempt to break the dominance of the landlords in the labour market, farmers’ co-operatives’ main purpose was to get a higher bargaining power towards the agribusiness firms, agricultural communes aimed at creating forms of organisation of society and economy not influenced by capitalist relations.

One of the major peculiarities of alternative business on respect with earlier practices is that it involves directly consumers into a political project. Alternative products, in fact, make part of a political discourse addressing all of the sources of power; choosing alternative products,

¹ There is a huge debate on the definition of organic, fair trade and local distinctive products. As working definitions we use the most official ones, that is given by public or highly legitimated bodies. Organic is defined by USDA as “A production system which avoids or largely excludes the use of synthetic compounded fertilisers, pesticides, growth regulators, and livestock feed additives. To the maximum extent feasible, organic farming systems rely upon crop rotations, crop residues, animal manures, legumes, green manures, off-farm organic wastes, and aspects of biological pest control to maintain soil productivity and tilth, to supply plant nutrients, and to control insects, weeds, and other pests. (USDA, 1980 cited in Browne et al. 2000).”. Local distinctive products are defined by the EU as agricultural or food products, originary from a determined region, whose quality or characteristics are due essentially or exclusively to the geographical environment, including natural and human factors, and whose production and processing happen in the same region. Fair trade products are defined through a list of conditions of purchase that the buyers should respect, such as a minimum price, long term and steady trade relationships, cash payment. See Reynard, 1999.

consumers sustain economically alternative networks and consolidate alternative discourses in the broader hegemonic struggle.

This paper is an attempt to explore theoretically the links between business practices and hegemonic struggle for an alternative development model. To this purpose, I will take into consideration two aspects: the sources of power, and the dynamics of the relationship between social movements and business practices.

Alternative practices as empowerment

A major constraint to the development of alternative practices is that the conventional practices, even when recognised as exploitative, unfair or environmental degrading, are already tested systems of constraints and opportunities. In other words, they minimise the risks of the choice, or make choices easier by the actors.

On the beginning, alternative practices are riskier, since they imply extra learning, search, transaction costs. A farmer willing to turn to organic farming will have to “unlearn”² conventional agricultural practices, look for inputs suppliers fit for organic farming, find customers who appreciate organic products and willing to pay the extra production costs. A consumer willing to buy an organic or fair trade product will have to make extra effort to find a retail shop in which the product is sold.

As far as these relationships are set up, they facilitate the activity of others. The availability of specific inputs lowers the search costs for farms, the presence of a organic shop in the neighbourhood lowers the search costs for consumers. Specific trade relationship generate specific languages, tools, norms of behaviour, knowledge.

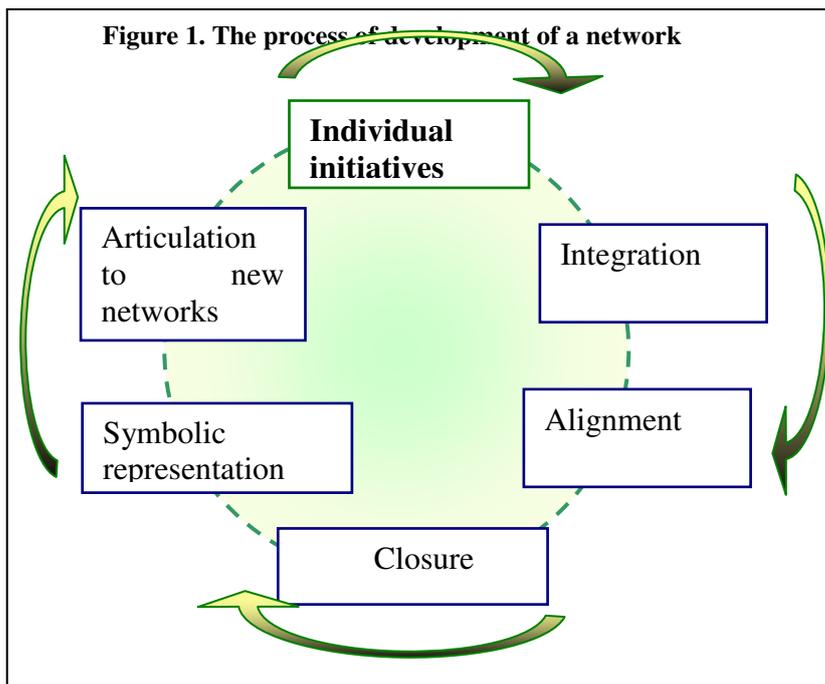
To be well functioning, the network should encompass farmers, consumers, retailers, input suppliers, extension services, researchers, farmers’ organisations, certification bodies, public officers, consumers’ and environmental movements. In the same time, this network could not function without the involvement of soil, water, pests, which are supposed to interact in a different way than in the mainstream networks. The objects of the relations between these actors are material elements such seeds, fertilisers, tools, storage and processing facilities, and immaterial elements as well: product names, know how, rules, conformity assurance. In order to be exchanged, these elements have to be signified by languages, that is systems of symbols.

Through actors’ interaction, these networks progressively close into ‘machines’, where routines govern individual and collective behaviour and align all the elements to shared objectives. Routines reduce search, transaction, learning costs, and raise the attractiveness of such practices. Up to a certain level, the greater the number of nodes of the network the greater the utility for their members: network economies (Capello 1995) appear.

Following Latour (1987), once they are closed into machines these networks become, for all the involved actors, ‘black boxes’, taken for granted objects of shared knowledge. Consumers can distinguish organic from conventional products by a label or by a trust relationship with the farmer because they take for granted, be they fully aware or not, that the label or the relationship with the farmer ‘speak for’ such a network. It is at this stage that consumer are willing to pay a premium to organic products.

² The concept of unlearning has been developed, among the others, by Soete et al. (1993)

The process by which alternative networks develop can be represented as in figure 1.



Individual actors start interaction with others, creating progressively integration; repeated interaction generates alignment on the purposes of action, until the closure of the resulting network into 'black boxes'. At this moment, the hegemonic process enters into a new stage, as to sustain the network needs less energy than before.

Black boxes allow a qualitative leap in the development of alternative networks. In fact, they can be signified by symbols, so that they allow an easier communication, creating the makings for further adhesions and for an increased rate of individual activity. An 'organic' or 'fair trade' or 'protected denomination' label are signifiers for complex networks governed by well defined rules: when they buy, consumers don't need to be informed of details of how these networks are organised, as they repose their trust on the label. The consolidation of product and process standards and the creation of recognised labels are such moments for alternative products; a further consolidation is given when the State embody these labels into food regulation, as in the case of EU for local distinctive products and for organic products.

Once they are transformed into black boxes, alternative networks make a step forward in the process of hegemony. From this point, they can generate new cycles of innovation, and can be incorporated into other networks. The resulting path of development range between two different poles: integration into conventional networks, and integration into new alternative networks.

The sources of empowerment

Costs and revenues are only some of the parameters to be considered to evaluate the growth of a alternative network. More precisely, they are the outcomes of a process of empowerment of alternative practices vis a vis mainstream practices. Alternative networks provide new social and economic spaces for the involved actors, giving them a greater freedom of choice.

In order to integrate alternative networks into a strategy of alternative development, it is necessary to understand more in depth how empowerment is obtained and what are the factors which facilitate it. Empowerment can be defined as the process by which individuals or groups increase their capacity to control their environment. Local distinctive products are a way to defend local agricultural production from delocalization of production operated by the food industry; organic farming give the control of the production process back to the farmers, fair trade establishes more equitable contractual terms.

Following Harvey (1990), as social relations are progressively separated from local contexts of interaction, empowerment should be analysed both in terms of *controlling place*, that is being able to control the local environment, and *controlling space*, that is to control others at a distance (Whatmore and Thorne 1998).

Empowerment, therefore, is increasingly linked to the problem of the control at a distance. Whereas globalisation threatens the control of place through exogenous mechanisms, an increased control of place can reduce domination from external forces. In the meanwhile, powerless actors can reduce their dependence from external forces setting up alliances at a distance.

Alternative agro-food networks provide powerless actors with resources to better control their environment. In order to be produced, shared, and exchanged, these resources need specific languages, rules and infrastructures (in the case of money, banks, cheques, access codes, credit cards, specific software, etc..). We could classify resources of empowerment into four domains: social, technological, economic, symbolic.

Any of the mentioned resources can be mobilised to obtain more resources in the other domains: financial capital can be used to get more social power through influence in politics; reciprocity and trust among a local community can be capitalised into local production systems as means to facilitate information flows and innovation (Putnam 1993, Gambetta 1988).

The way to mobilise resources is to provide them with gateways or interfaces, that is points of connection and of active translation of the flows if a network into other ones. Actors who play the role of gateways can convert, for example, commercial standards into local forms of organisation, languages, knowledge (Marsden 1998). Another way used to mobilise resources is to let new resources flow through already existing networks, born and developed from other purposes, as it happens in informal economies based on kinship or neighbourhood networks.

Economic power

In business, economic power has several sources: availability of capital, bargaining power, competitiveness, defined both as capacity to impose lower prices on products of the same quality and as the capacity to get premium prices from products of equal or higher quality.

Alternative business tends to redistribute economic power: in the case of fair trade, fair trade criteria, turned into standards, have an immediate impact on bargaining power of the producers, as they can rely on minimum contractual terms. Moreover, alternative business tend to get premium prices: in part this is due to specific qualitative characteristics (as for example in the case of organic products and for many typical products), but for a substantial part it is due to their symbolic power. Even in presence of the same quality characteristics, some consumers will pay a premium to alternative products, as for example in the case of fair trade products.

The distribution of economic power in business is strongly affected by public policies. PDO regulation in the EU, for example, has increased substantially the competitiveness of small farmers, as typical local products require, to be recognised, local raw inputs and the origin labels protect all of the local producers complying with determined production rules. This has strongly challenged the economic power of the food industry, since it has created a new market space in and a new source of innovation and symbolic power, weakening in the same time the capacity of the big food processors to delocalize production.

Social power

In the context of this paper, social power is mainly related to size, cohesion and intensity of social institutions. In the case of local distinctive products, the process that takes to the recognition by the European Union of a protected geographical indication or a protected

denomination of origin³ is started, at least for many niche products, by local groups, highly representative of local communities, already engaged in cultural initiatives aimed at strengthen the identity of the territory.

Whereas local distinctive products' strength is based on local institutions, organic farming in many countries have had patterns of development more dispersed over the territory. In Europe, for example, it was initiated by people not native of the place; they kept contacts with people of the towns they were from, who shared with them the endorsement of the same environmentalist values, and were the first customers of organic products. The networks created in this way have been able to create strong regional and national connections with green movements, getting in this way a good capacity to lobby.

In the case of fair trade, the "North" side of the network originates by religious or political groups already engaged in the field of co-operation with developing countries, and in the "South" side it is built mainly on already existing farmers' co-operatives.

Technological power

One of the keys to the development of alternative networks is its capacity to create new patterns of relations with non human elements: natural and artifacts. Technology is the level of scientific knowledge embodied into artifacts and production techniques; the application of science allows for more rapid improvement and for their circulation. The growth of these networks generates a demand for research, so that the principles on which local distinctiveness and organic farming are based gain increasing attention and legitimacy in the academic field, allowing an accumulation of knowledge.

This is particularly the case of organic and local distinctive networks. Both, in fact, have developed techniques of production, processing and selling independently from mainstream techniques. Local distinctive products recover and adapt traditional products or processes who are in danger of extinction as an effect of the industrialization of the agro-food system. Making compulsory the local origin of raw material, the rules of production recreate local systems of production, whose concentration of activity in a limited territory allow an easy circulation of information (Soete and Arundel 1993). The case is even more significant in organic farming, as it is based on totally different principles than those sustaining conventional agriculture (Beus, Dunlap 1990).

Symbolic power

Symbolic power can be defined as the capacity to influence identity building. Identity is a symbolic representation of the meaning social actors give to their action (their role, rules of behaviour, the principles to follow, the lifestyles). In the globalizing societies, access to symbols of various nature and source is much more easy than in the past. No longer, in fact, have the National State, or the Church, nor the big corporate, the monopoly of symbolic production, as they used to have in an earlier stage (Castells 1998). Cultures are no longer (if even) close systems, internally homogeneous; as people make part of different networks, and each network has its own symbols, identities are built reflexively through recombination of symbols. This process of identity building make identities structurally unstable, ambiguous, contradictory.

As symbols are increasingly produced and reproduced in the market sphere, consumption becomes a major loci of identity building (Featherstone 1991): this is the key to understand how alternative trade can gain and make use of symbolic power. All of the three types of mentioned products have in common a high symbolic density (Brunori et al. 1999). They are carriers of symbols that, for limited but significant groups of people are of primary importance to the identity building (Castells 1998). Those who buy fair trade products endorse a commitment to social justice in North-South trade relations; consumers of organic products are animated by

³ The Regulations CEE 2081/92 has created procedures to recognize some geographical labels, provided that they identify products whose differential characteristics are unequivocally linked to the natural, historical and cultural traits of the territory in which they are produced.

ecological sensibility; consumers of products with local distinctiveness believe in the importance of conserving local diversities. Consumption, in other terms, is interpreted by these groups as a form of political action.

Symbolic power has a direct effect on economic power through premium prices, so that one of the most relevant areas of competition between firms is image building and brand portfolios.

One of the advantages of alternative networks vis a vis conventional business is that, to get symbolic power, almost the only source the last can mobilise is economic power, that is to employ financial capital (figure 1):

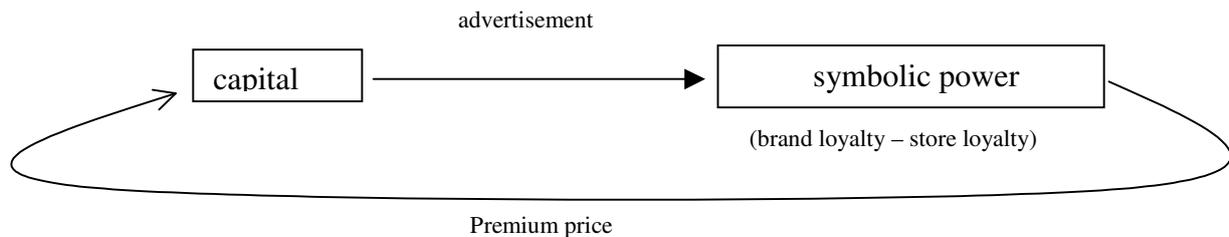


Figure 1

On the contrary, alternative business mobilises symbols whose strength derives from other spheres of activity. In the case of organic products symbolic power is built through the action of green movements or consumers' movements. For local distinctive products, social cohesion at local level can give birth to symbolic representation of the territory toward the outside⁴. In Italy, a small mountainous area in Tuscany, Garfagnana, has gained notoriety thanks to the revival of its spelt, a cereal used into traditional gastronomy (Rossi, Rovai 1997), and on the wave of this success a large number of analogous initiatives are blossoming.

The linkage between social movements and business makes available for alternative business important communication channels. Communication channels are hardly the ones largely used by conventional business. Alternative products are often channelled through talk shows, magazine stories, political demonstrations, comments on newspapers, etc. Moreover, the importance of these products for identity of the consumers makes word of mouth much more effective as communication device than in the case of conventional products.

The life cycle of alternative products

The success of alternative business can be measured through two parameters. The first is the capacity to enter steadily into consumption routines, diets and lifestyles. In Italy, for examples, Parma ham and Parmigiano Reggiano are symbols of national identity, and people identify them rather well as alternative to industrial food.

The second parameter of success is the rate of change they succeed to promote into the economic, social and technological spheres. To this purpose, alternative products need to carry primary symbols (Castells 1998), that is symbols who dominate the others in the construction of identity. There is much difference, for example, between making organic food a steady (and quantitatively relevant) component of the diet, or being engaged into participating in selling fair trade products, and purchase them occasionally. In a recent survey (Bowne et al, 1999), "ethical consumers" are divided into three categories: 'true' ethical (willing to pay a premium and to go out of their way to buy) consumers, that are about 2% of the population), 'armchair' ethical, who would pay a premium but are less willing to pay search costs (in terms of personal effort), about

⁴ As identities are not based on close and well defined cultural systems, and as there is not strict coherence between cultures and territory, conflict may arise on what to represent to the outside: what should the boundaries of the territory be? who should be included and who should be excluded?

30% of the population, and 'would be' ethical if no premium nor search costs would be needed (80% of the population).

In fair trade, the degree symbols affect action is particularly important to the cohesion of the producers' networks. As it has been largely shown in the development of producers' co-operatives, free riding is in many of the cases motivated by sheer economic needs, so that as the prices are in the upper level of their cyclical trend the farmers hardly can resist the offers of the big wholesalers, competitors of the co-operatives.

The difficulties encountered in succeeding in obtaining high score in both parameters come in great part from economic processes. In fact, a trade-off between the dimensions of the markets and the capacity of the message (figure 2) to influence identities can be observed. As long as these practices grow, alternative networks increasingly attract newcomers animated more by profitability than by a commitment to value.

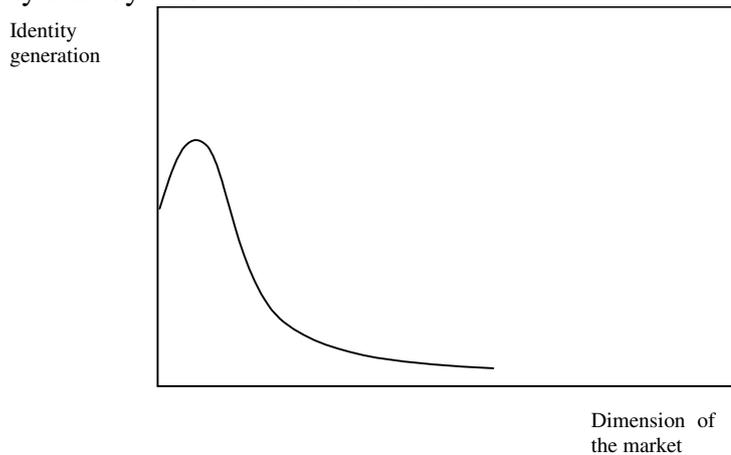


Figure 2. Trade off between symbolic power and dimension of the market for alternative products

Premium prices and symbolic density attract the attention of conventional business. This recent development can be seen on the light of the evolution of the agro-food system, as the increasing fragmentation of consumer expectations and the development of Information Technologies stimulate an approach of firms to product differentiation, rather than price competition and product standardisation. Increasingly, new organisational patterns emerge in the agro-food sector. The main characteristic of these circuits is the search for an active reconfiguration of producers- consumers linkages, based on immaterial characteristics than on functional product attributes.

Organic products is an interesting example of this trend, since the involvement in the sector by the big retailers' chain and by the agribusiness have strongly weakened the organic farmers' movements in several countries; organic products are progressively incorporated into mainstream circuits that, besides the appropriation of substantial shares of the premium price, distort the original message, incorporate symbols and values into the commercial communication carousel and transform alternative products into mere consumer goods.

The trend shown raises a dilemma around the strategies to follow. In order to have any influence on the power relationships within the agro-food system, such practices need to grow. In fact, we may consider organic farming as an individual choice to behave in coherence with values such as respect for nature and natural cycles. However, in order to have an effect on the soils, the waters and biodiversity, it should be significantly spread on the territory. Moreover, economic parameters are keys to the viability and growth of alternative networks; a decrease of

profitability put them into danger, as it is well known by fair trade operators during the times where demand exceeds supply and prices are high.

But it would be illusory to think that power relationships in the economic system can be changed with a growth strategy alone, that is based only on an improvement of the efficiency of the operations involved. In fact, without the original linkage to social movements, alternative products lose their capacity of affect consumers' and producers' identities, and therefore the capacity to generate social change.

To have any chance of sustaining alternative development, therefore, alternative trade should be able to close the circle between symbolic power, economic power and social power: any advancement in the economic field should be capitalised into social power, as it is shown in figure 3.

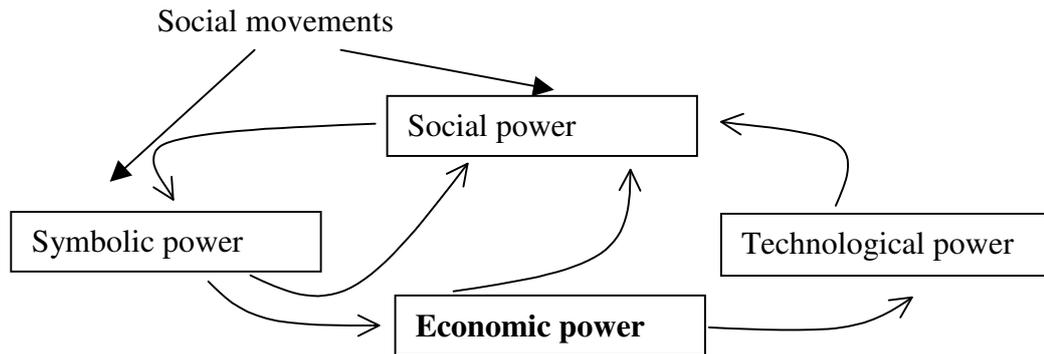


Figure 3. The link between social movements and the sources of power

For example, when organic and local distinctiveness label have been embodied into the EU regulation, they get a legitimisation over all, and not only between a particular group of consumers and producers.

In conventional business, communication is channelled through conventional channels, and alternative symbols are recombined with conventional symbols, and are used as a tool for commercial strategies. Within a supermarket, alternative products lose part of their communication force, and therefore their capacity to influence identity building, getting the characteristics of mere consumer goods. Articulated with less conventional networks, alternative products create synergies, strengthening their hegemonic potential, as in some interesting examples. Producers' networks can be mobilised for action in the political sphere (as it happens in France, where farmers belonging to Alliance Paysanne go far beyond purely particularistic claims). In the case of local distinctive products, the success of some products strengthens the image of the territory in general, allowing the attraction of investments from outside (Farrell et al. 1999). Moreover, alternative products can be integrated into tourist networks (for example, French and Italian wine routes), local products becoming a piece of a broader strategy of valorisation of the territory.

Conclusions

As Pieterse (1999) argues, the concept of "alternative" is a highly contested concept, much more inclusive of whatever is "against" than of what is "for". The fact is, Pieterse suggests in regard with development, that as "alternative" ideas, practices, methodologies are incorporated into mainstream practices, the differences between the two fields attenuate. What Pieterse observes about development policies has several analogies to what can be observed on alternative networks. When alternative standards are official, as in the case of organic and local distinctiveness, they become part of conventional practices, and alternative is no longer alternative.

What should we be afraid of is not only the loss of 'identity building power' of alternative products, but also a reverse in economic power coming from the embodiment into conventional

networks. In the case of organic farming, retailers have bargaining power enough to strangle small producers; the big capital can invest into organic farming, displacing small farmers who initiated it and exploiting workers.

To assure the linkage between alternative trade and alternative development, it is necessary to keep the linkage between alternative networks and social movements, that is the most important source of power for alternative networks. This could be done through several strategies:

- Adopting procedures for getting higher standards as soon as the former standards turn into conventional ones;
- Starting new cycles of alternative innovation: for example, the “battle of Seattle” has raised very much the attention on GMO free products;
- Integrating more alternative attributes (e.g. fair trade + organic, or organic + local distinctiveness) (Browne et al. 2000)
- Strengthening alternative distribution channels through alliances with independent small retailing.

The considerations in the paper give some insights for public policy. Supporting alternative business is necessary to guarantee pluralism into the agro-food system. But as there is no guarantee that what is alternative today is alternative also tomorrow, public policy should concentrate more on the sources of power allowing the creation and the development of business, rather than direct support. Whereas direct support tends to create rent, indirect support such as funding public research, local animation, collective promotion can empower actors and help them to find ways to compete successfully with actors in the agro-food system who change and adapt themselves to the changing context.

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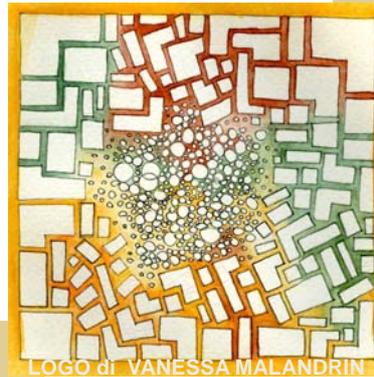
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